

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-10 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05

SS-15 STR-07 ITC-01 TRSE-00 USIA-06 SP-02 SOE-02

OMB-01 DOE-15 /121 W

-----059602 311504Z /43

R 311440Z MAR 78

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 9374

INFO ALL EC CAPITALS

AMEMBASSY BRUSSELS

USMISSION GENEVA

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DEPARTMENT PASS ELECTRONICALLY TO STR; AND AGRICULTURE
FOR HATHAWAY/HUGHES

USEEC ALSO FOR EMBASSY

USMTN ALSO FOR USMISSION

E.O. 11652: N/A

TAGS: EAGR, FR, EC ECON, EALR

SUBJECT: DEMARCHE ON FRENCH PROTEIN INDEPENDENCE POLICY

REF: (A) STATE 075898; (B) PARIS 8447

1. SUMMARY. AS INSTRUCTED REF A, MINECON AND AGATT
MADE DEMARCHES TO SENIOR OFFICIALS OF MINISTRIES OF
AGRICULTURE AND FOREIGN TRADE ON MARCH 30. AGMIN OFFI-
CIAL EMPHASIZED NEED FOR GREATER PRICE STABILITY AND
REDUCED DEPENDENCE ON POTENTIALLY UNRELIABLE EXTERNAL
SOURCES. TRADE MINISTRY OFFICIALS EMPHASIZED BALANCE-
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OF-PAYMENT PROBLEMS, PHILOSOPHIZED ABOUT RIGHT OF EVERY
COUNTRY TO PROMOTE PRODUCTION OF ANY PRODUCT AND CON-
CEDED THAT CERTAIN MEANS OF DOING SO MIGHT CONSTITUTE
VIOLATIONS OF INTERNATIONAL OBLIGATIONS. BOTH WERE
VAGUE ABOUT TIMING OF IMPLEMENTATION, BUT IMPLIED THAT
UNDERLYING OBJECTIVE OF FEBRUARY 22 PROGRAM WAS LONG-
TERM--TO STIMULATE DEBATE WITHIN EC AND ULTIMATELY NEGO-

TIATIONS WITH U.S. WE FIRMLY INDICATED THAT ZERO BINDING ON SOYBEANS WAS EC CONCESSION WHICH WE WOULD NOT RENEGOTIATE AND REITERATED US OPPOSITION TO ANY ACTIONS WHICH WOULD ADVERSELY AFFECT OUR ACCESS TO EC MARKET FOR FEED PROTEINS. AN ADDITIONAL DEMARCHE IS SCHEDULED WITH FOREIGN MINISTRY. END SUMMARY.

2. ON MARCH 30, EMBASSY MINISTER FOR ECONOMIC AND COMMERCIAL AFFAIRS AND THE AGRICULTURAL ATTACHE MADE AN INITIAL DEMARCHE TO AUBERGER, DIRECTOR, MARKETING AND FOREIGN TRADE, MINISTRY OF AGRICULTURE. WE SUBSEQUENTLY APPROACHED DEMOREL, DIRECTOR OF EXTERNAL ECONOMIC RELATIONS, MINISTRY OF FOREIGN TRADE. (DAVID, HEAD OF AGRICULTURAL POLICY DIVISION, WAS PRESENT WITH DEMOREL.) IN BOTH MEETINGS, U.S. VIEWS AS PER REF. A WERE FIRMLY AND FULLY PRESENTED AFTER BRIEF STATEMENT OF OUR UNDERSTANDING OF STATUS OF FRANCE'S FEBRUARY 22 ACTION PROGRAM.

3. AUBERGER INSISTED THAT THE ACTION PROGRAM SHOULD BE VIEWED IN CONTEXT OF FRANCE'S UNACCEPTABLY HIGH DEPENDENCY ON FOREIGN SOURCES FOR ESSENTIAL FEED PROTEINS (80 PERCENT), WHICH COULD BE CUT OFF UNEXPECTEDLY. PRICE INSTABILITY FOR SOYBEANS WAS ANOTHER MAJOR PROBLEM AREA. AUBERGER MAINTAINED THAT, ONCE A PRICE FORK HAS BEEN ESTABLISHED FOR CEREALS AND QUOTE SECONDARY GRAINS LIMITED OFFICIAL USE

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UNQUOTE, "WHICH HE HOPED WOULD BE SOON," EVEN THE U.S. WOULD REALIZE NEED FOR SIMILAR AGREEMENT WITH PRICE FORK FOR SOYBEANS.

4. WHEN WE QUERIED HIM AS TO REASONS WHY THERE HAD BEEN NO MENTION OF EC AND FRENCH INTERNATIONAL OBLIGATIONS IN FRANCE'S ACTION PROGRAM, AUBERGER RESPONDED THAT THEY WERE QUOTE SELF-EVIDENT UNQUOTE. HE FURTHER INDICATED THAT FRANCE WAS NOT DISREGARDING HER INTERNATIONAL OBLIGATIONS AS NO UNILATERAL ACTIONS HAD BEEN TAKEN NOR WERE ANY CONTEMPLATED. AUBERGER INSISTED THAT FRANCE WAS SIMPLY RESPONDING TO A REAL ECONOMIC PROBLEM, QUOTE JUST AS U.S. DID IN CASE OF SUGAR UNQUOTE. FRENCH VIEWS WILL BE PRESENTED TO COMMUNITY AND HOPEFULLY EC WILL AT SOME POINT ENTER INTO ACTIVE DISCUSSIONS WITH U.S. SOMEWHAT INCONSISTENTLY HE IMPLIED THERE WAS HEAVY ELECTORAL ELEMENT IN FRENCH PROGRAM AND THAT PROGRAM WAS CAREFULLY CONSIDERED, CONTINUING OBJECTIVE AS INDICATED IN REF A. WE MADE ABUNDANTLY CLEAR THAT WE WOULD NOT RENEGOTIATE ZERO BINDING ON SOYBEANS AND WOULD STRONGLY OPPOSE ANY MEASURES THAT WOULD JEOPARDIZE OUR ACCESS FOR FEED PROTEINS.

5. DEMOREL INITIALLY ENDEAVORED TO DOWNPLAY SPECIFICS
OF THE ACTION PROGRAM BY STRESSING EVERY COUNTRY'S

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RIGHT TO PROMOTE DOMESTIC PRODUCTION AND "SUGGESTING"
THAT WE SHOULD FOCUS NOT ON FRANCE'S OBJECTIVE OF
LESSENE DEPENDENCE ON IMPORTED PROTEIN. RATHER, WE
SHOULD DISCUSS THE MEANS IF CERTAIN ACTIONS MIGHT CAUSE
US PROBLEMS. MINECON REPLIED THAT GOF SHOULD BE UNDER
NO ILLUSION THAT WE MIGHT BE INTERESTED IN SLIDING INTO
SUCH A DISCUSSION. THE PROBLEM WAS REAL AND NOT PHILO-
SOPHICAL. PROPOSED MEASURES WOULD CLEARLY BE COUNTER
TO EC AND FRANCE'S ZERO BINDING ON SOYBEANS. THEN
DEMOREL INFERRED THAT SINCE WE ACCEPTED COMMON AGRICUL-
TURAL POLICY, WE COULD NOT QUESTION THEIR RIGHT TO
APPLY IT FOR OTHER COMMODITIES. HE ALSO MAINTAINED THAT
VARIABLE LEVIES WOULD NOT NECESSARILY NEGATE TARIFF
CONCESSIONS. WE STRONGLY DISAGREED AND EMPHASIZED THE
ADVERSE POLITICAL IMPACT OF CONTINUED FRENCH ADVOCACY OF
ACTION PROGRAM, NAMELY ITS UNDERMINING OF OUR EFFORTS
TO PROMOTE MORE OPEN TRADE. WE ALSO INDICATED THAT
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WHILE THE MAGNITUDE OF U.S. TRADE DEFICIT IS AN ADDITIONAL CONCERN, WE WOULD STILL REACT STRONGLY TOWARDS ANY PROPOSAL THAT WOULD IMPAIR CONCESSION AND JEOPARDIZE U.S. SOYBEAN AND MEAL SALES TO EC, VALUED AT ALMOST \$2.6 BILLION IN 1977. DEMOREL RECALLED OUR EARLIER REPRESENTATION AGAINST ENCOURAGING EC PRODUCERS TO SUBSTITUTE MILK POWDER FOR IMPORTED PROTEINS IN FEEDS AND INDICATED HE CLEARLY UNDERSTOOD IMPORTANCE WE ATTACH TO THIS ISSUE.

6. COMMENT: GOF OFFICIALS WERE BY NO MEANS SURPRISED BY OUR DEMARCHE. IN FACT, IT SEEMED THAT THEY WELCOMED OPPORTUNITY TO EXPLAIN THEIR VIEWS TO US. WE CAREFULLY AVOIDED DISCUSSION OF ANY SPECIFIC PROPOSALS, STRONGLY INDICATING THAT WE WERE OPPOSED TO ANY MEASURES THAT WOULD EITHER DIRECTLY OR INDIRECTLY MODIFY OUR ZERO BINDING ON SOYBEANS.
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